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September 11, 2019

Re: *Initial Comments – Proceeding No. 19R-0408E*

La Plata Electric Association, Inc. (“LPEA”), as member cooperatives of Tri-State Generation and Transmission Association, Inc. (“Tri-State”), appreciate the opportunity provided by the Colorado Public Utilities Commission (“Commission”) to provide initial comments in this rulemaking proceeding. We intend to continue to participate in this proceeding and look forward to seeing the comments filed by Tri-State and other stakeholders as the Commission moves forward with this important endeavor.

The purpose of these initial comments is to make the Commission aware of our collective interest in this proceeding and intention to participate in it.

At the outset, however, LPEA has some high-level concerns that we wish to make the Commission aware of as it moves this proceeding forward.

First, we continue to have concerns about the enforceability of any Commission approved integrated resource plan (“IRP”) given Tri-State’s ongoing efforts to subject itself to full rate regulation by the Federal Energy Regulatory Commission (“FERC”).

States and state public utility commissions, like this Commission, play a very important role in the IRP process. For this Commission to have meaningful authority over Tri-State’s IRP, the Commission must have the ability to enforce its decisions and portfolio selection made in the process. Moreover, and equally as important from the vantage point of LPEA, if Tri-State member cooperatives are going to commit time and resources to the IRP process, these member cooperatives need assurance that Tri-State cannot simply pursue another direction at FERC through its rate-setting process if this Commission makes IRP-related decisions unsatisfactory to Tri-State. We are therefore concerned that the Colorado commission’s IRP jurisdiction will be practically obviated by FERC rate jurisdiction.

Second, Tri-State continues to say the right things about its intentions going forward. However, Tri State’s actions suggest something different. The addition of MIECO Inc., a wholesale energy services company, as a non-utility member was brought forward on a short turnaround and without great transparency into the new non-utility member and how that member will interact with the existing member cooperatives of Tri-State. These fundamental shifts in structure on tight timelines are concerning to LPEA, particularly because they are done notwithstanding the protests and concerns raised by this Commission and others in pending dockets involving Tri-State at FERC. Thus, while Tri-State says it will cooperate with the Commission, it acts preemptively to try and foreclose meaningful review and oversight by this Commission in the IRP process. LPEA continues to have concerns over the purpose, means and process by which this new member, MIECO, Inc., was added as a member.

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Third, the most troubling action by Tri-State is the Tri-State Board of Directors action at its most recent meeting on September 5-6, 2019. The Board passed a resolution, attached to these comments as Attachment A. This resolution suspends consideration of and negotiations regarding any full or partial exits by Tri-State member cooperatives, including requests made by both LPEA and United, until the next Tri-State Annual Meeting in *April 2020*. This freeze on any discussions for approximately seven months essentially amount to Tri-State continuing to hold member cooperatives captive while it attempts to overhaul its regulatory status. LPEA is extremely concerned about this chain of events and Tri-State's unilateral assertion that full- and partial-exit discussions can only happen on a timeline of Tri-State's choosing with a healthy dose of delay. Because this Commission has jurisdiction over Tri-State as a public utility under the Colorado Public Utilities Law, we believe the Commission should take interest in these ongoing actions by Tri-State against its member cooperatives.

We look forward to seeing Tri-State's responses to the Commission questions on September 11, 2019 in this proceeding and Proceeding No. 19M-0460E, and will continue to actively participate in this proceeding.

Sincerely,



Jessica Matlock
Chief Executive Officer
La Plata Electric Association

RESOLUTION

WHEREAS, TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC. is comprised presently of 43 Class A Member Systems and one non-utility class member; and

WHEREAS, one Member System, Kit Carson Electric Cooperative, withdrew from Tri-State in 2016 and a second Member System, Delta-Montrose Electric Association, is scheduled to withdraw from Tri-State on May 1, 2020; and

WHEREAS, in both instances Tri-State worked with the Member System seeking to withdraw by providing initial estimates of amounts that the Member System would be required to pay to meet its contractual obligations to Tri-State ("Make-Whole Number"), negotiating the final amount to be paid, and establishing equitable terms and conditions for the Member System's withdrawal from Tri-State; and

WHEREAS, in both instances Tri-State provided the Member System a "Shopping Letter" which authorized the Member System to investigate the cost of obtaining an alternative supply of power in the event that it withdrew from Tri-State; and

WHEREAS, Tri-State has established a Contract Committee to investigate and consider recommending to the Tri-State Board that Tri-State offer alternative contracts, including Partial Requirements Contracts, to its Member Systems; and

WHEREAS, additional Members Systems have requested that Tri-State provide Make-Whole Number and/or Shopping Letters in conjunction with a potential withdrawal and/or a conversion to a Partial Requirements Contract; and

WHEREAS, the Tri-State Board must consider numerous factors in establishing such equitable terms and conditions for the withdrawal of a Member System including, but not limited to, the effect of the Member System's withdrawal on the financial health and stability of Tri-State, compliance with applicable restrictions in Tri-State's various financing documents and agreements, the effect of the Member System's withdrawal on Tri-State's Class A Rate, and the avoidance of cross-subsidization among Member Systems; and

WHEREAS, the Tri-State Board must also consider contemporaneous external factors that could have a bearing on the equitable terms and conditions for the withdrawal of a Member System including, but not limited to, compliance with state statutes and regulations concerning generation resource planning and greenhouse gas emission reductions, as well as various federal environmental requirements; and

WHEREAS, these factors must also be considered, and are being considered by the Contract Committee in investigating and considering

whether to recommend that Tri-State offer alternative contracts, including Partial Requirements Contracts, to its Member Systems; and

WHEREAS, it is necessary for the Contract Committee and the Tri-State Board to consider all of the implications discussed herein before Tri-State provides additional Make-Whole Number or Shopping Letters; and

WHEREAS, it is in the best interest of Tri-State for the Contract Committee to also consider alternative methods to determine Make-Whole Number and establishing equitable terms and conditions for a Member System's withdrawal from Tri-State, should the Board agree to such withdrawal; and

WHEREAS, it would be useful to work with a consultant in considering such alternatives.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC., that pursuant to Tri-State Bylaws, Article I, Section 4, the Tri-State Board hereby suspends the policy and practice of providing Member Systems with Make-Whole Number or Shopping Letters; and

BE IT FURTHER RESOLVED, that such suspension is temporary and shall continue until such time as the Contract Committee has completed its work and provided any recommendations for the Board's consideration and possible action; the Board has had the opportunity to consider and act, as appropriate, upon any such recommendations of the Contract Committee; and the Board has fully assessed the financial impacts of past, present, and potential future Member System withdrawals and/or the offering of alternative contracts, including Partial Requirements Contracts, and the implications of federal and state regulatory requirements that may have a bearing on issues related to Member System withdrawals and/ or the offering of alternative contracts, including Partial Requirements Contracts; and

BE IT FURTHER RESOLVED, that the Contract Committee shall consider alternative methods to determine Make-Whole Number and establishing equitable terms and conditions for a Member System's withdrawal from Tri-State, should the Board agree to such withdrawal, and to make recommendations to the Tri-State Board, and that the Contract Committee shall have the goal of making such a recommendation prior to the next Tri-State Annual Meeting in April, 2020; and

BE IT FURTHER RESOLVED, that the Chief Executive Officer shall hire a consultant to assist the Contract Committee and the Tri-State Board in considering these issues; and

BE IT FURTHER RESOLVED, that the Board shall periodically report to the membership on the status of its assessment of the implications of Member System withdrawals.

CERTIFICATE

I hereby certify that I am the Secretary of TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC., and that the foregoing is a true and correct copy of a Resolution adopted by the Board of Directors of TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC. at its regular meeting held September 4-5, 2019.

Secretary

(CORPORATE SEAL)